

Minutes Tempe Fire and Police Public Safety Personnel Retirement System Boards Joint Meeting August 4, 2016

Minutes of the Tempe Fire and Police Public Safety Personnel Retirement System Boards joint meeting, held on Thursday, August 4, 2016, 2:00 p.m., Tempe City Hall, third floor conference room, 31 E. 5th Street, Tempe, Arizona.

Board Members Present:

Bill Goodman
Don Jongewaard
Kelley McMenemy
Jeff Millen
Bill Munch
Mike Scheidt

Board Members Absent:

Mark Mitchell, Mayor

City Staff Present:

Renie Broderick, Internal Services Director
Suzanne Olson, HR Benefits Manager
Wendy Messina, HR Program Coordinator
Tammy Milhon, HR Specialist
Susan Buck, Executive Assistant

Legal Counsel Present:

Cynthia Kelley

Bill Munch called the meeting to order at 2:07 p.m.

ITEM I – Joint Discussion of the Fire and Police Public Safety Personnel Retirement System Boards

Boardmember Appointments / Reappointments

Bill Munch noted for the record the recent appointment to the Tempe Fire & Police Local Boards of William "Bill" Goodman as a citizen-member and the reappointment of Mayor Mark Mitchell as Chair on both boards. Boardmember Goodman introduced himself and was welcomed by the other board members.

State Consultant Interview Regarding Risk Pooling and Local Board Consolidation

Local Board Secretary Renie Broderick stated that City staff had previously forwarded to the boards an invitation from the State PSPRS Administrative Office to meet with the consultants who were hired under State Senate Bill 1428 to study consolidating local boards and pooling risk for Tier 3 employees. Ms. Broderick and Don Jongewaard attended the meeting. Boardmember Jongewaard noted that there was a good discussion at the meeting and stated that he did not get the impression they were looking to pool every board, especially not in the areas with larger membership. Ms. Broderick stated the consultants were mainly looking for input and noted they will be issuing a recommendation later this year.

State Administrator Update on Recent Legislation

Ms. Broderick stated that recent actions by the State Legislature have resulted in several changes that the Local Boards and members need to be aware of. Ms. Broderick distributed a copy of a PowerPoint presentation from a recent webinar conducted by PSPRS Administration that summarizes some of the changes. A recording of the webinar is also now available on the PSPRS website and staff will email a link to that webinar to boardmembers. Ms. Broderick briefly discussed a few of the changes, noting that further detail can be provided at a later meeting if the Board wishes:

- House Bill 2019: The rate used to calculate service purchase will change effective August 6, 2016 and will result in a lower cost to purchase service. In order to obtain this reduced cost, members will need to apply for service purchase between August 6, 2016 and June 30, 2017. Effective July 1, 2017 the rate will again and the cost will increase. In addition, members will only need a minimum of 5 years of credited service in PSPRS (down from 10 years) to be able to purchase prior military time. Ms. Broderick was directed by the Board to notify all Tempe members of these changes via email.
- Senate Bill 1428: This bill contained the creation of Tier 3 and the resulting changes. The State PSPRS Administration Office is working to determine how to best implement some of the approved changes and will provide further information to the Local Boards at a later date.
- ACR Calculation Change: This will no longer be based on a pooled rate, but will be based on the individual plan funding rates.
- Tier 2 members who do not participate in Social Security will be required to participate in a defined contribution plan. Boardmember Jongewaard noted that this change applies to Tier 2B members.
- Tier 3 members will be required to determine in the first 30 days of employment whether they want to become part of the defined contribution plan. The Board discussed the current City of Tempe new hire orientation process in general and noted that it will be important to include an education piece for new PSPRS employees pertaining to this election. Ms. Broderick stated that this will be a non-revocable decision and noted that the State Administration stressed the importance of educating new members. Boardmember Jongewaard stated that this may require a change in the way that Fire on-boards new members so that they attend an orientation previous to attending academy.

Benefit Calculation Examples

Suzanne Olson, HR Benefits Manager, distributed a handout to the board. Ms. Olson stated the handout contained a basic overview of the four different types of PSPRS disability benefits – ordinary, accidental, temporary and catastrophic - and highlights their differences. The key differences highlighted were categorized by definition, taxability and benefits paid. The handout listed benefit amounts calculated for each disability benefit type based on an example salary and years of service and also provided a comparison to a regular retirement benefit, based on the same example data. The Board generally discussed the examples provided.

Quarterly Board Expenditures

Susan Buck, Executive Assistant, noted that a list of Board expenditures for the first two quarters of 2016 was included in the Board meeting packet for review and asked if the Board had any questions; there were none.

Adjournment

Motion to adjourn by Don Jongewaard; second by Mike Scheidt. Motion passed on a voice vote 6-0. The meeting adjourned at 2:33 p.m.



Renie Broderick
Local Board Secretary